

VMware and Carahsoft to Pay \$75.5 Million to Settle False Claims Charge Brought by CPM Whistleblower Client

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VMware Inc. and Carahsoft Technology Corporation will pay \$75.5 million to resolve allegations that they violated the False Claims Act by misrepresenting their commercial pricing practices and overcharging the government on VMware software products and related services.

VMware is a Delaware corporation that specializes in computer virtualization software and has its principal place of business in Palo Alto, California. Carahsoft is a privately held Maryland corporation that distributes information technology products to federal, state and local governments and has its principal place of business in Reston, Virginia.

Under the Multiple Award Schedule (MAS) Program, prospective vendors agree to disclose commercial pricing policies and practices to the GSA in exchange for the opportunity to gain access to the broad federal marketplace and the ease of administration that comes from selling to any government purchaser under one central contract.

GSA regulations require that, during contract negotiations with GSA, prospective vendors seeking an MAS contract make “current, accurate and complete” disclosures of the standard and non-standard discounts they offer to commercial customers.

The GSA relies on the accuracy of these disclosures in order to negotiate fair pricing for government purchasers.

After the MAS contract is awarded, regulations require that MAS Program vendors disclose to the GSA changes in their commercial pricing practices, including improved discounts that are offered to commercial customers, after the MAS contract is in place.

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Practice Areas

False Claims / Whistleblower Law

VMWARE AND CARAHSOFT TO PAY \$75.5 MILLION TO SETTLE FALSE CLAIMS CHARGE BROUGHT BY CPM WHISTLEBLOWER CLIENT

The settlement resolves allegations that VMware and Carahsoft made false statements to the government in connection with the sale of VMware products and services under Carahsoft's MAS contract.

These false statements allegedly concealed the companies' commercial pricing practices and enabled the companies to overcharge the government for VMware's products and services from 2007 through 2013.

The civil lawsuit was filed in the Eastern District of Virginia by Dane Smith, who is a former vice president of the Americas at VMware Inc.

Smith's share of the recovery has not been determined.

"Technology companies overcharging the government has become a growth industry. Whistleblowers like Dane Smith are vital to protecting taxpayers," said Smith's lead attorney, Niall P. McCarthy of Cotchett, Pitre & McCarthy... *(To read the entire article, please click [HERE](#))*